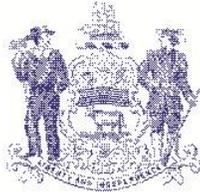


Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

March 16, 2015

Honorable Ann S. Visalli, Chair  
State Employee Benefits Committee  
Office of Management and Budget  
122 Martin Luther King Jr. Blvd. South  
Dover, Delaware 19901

RE: State Employee Benefits Committee

Dear Chair Visalli:

I write to express my concern with State Employee Health Benefit Plan changes currently being considered by the State Employee Benefits Committee, and I want to offer some suggestions for easing the burden on state employees and retirees if the proposed changes are adopted.

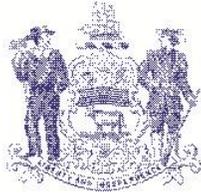
Regarding state workers, the Office of Management and Budget's report entitled "State of Delaware Workforce Demographics for Fiscal Year 2014" noted that "[r]ecruitment and retention is a major challenge facing state government, and will remain so throughout the coming years as larger percentages of state employees become eligible to retire and the available labor pool continues to shrink." (page 20) Health care benefits have historically been one way to recruit qualified people to state jobs that generally pay less than equivalent positions in the private sector. If those benefits are reduced, we will find it harder to attract and retain qualified individuals for employment with the state.

With that in mind, I would like to make the following suggestions.

First, I would ask that we delay the March 20<sup>th</sup> date for voting on the proposed changes. This will give employee union representatives sufficient time to research and make alternative recommendations to the SEBC for consideration.

Second, if a delay is not practical, or if the recommendations of the employee unions are not accepted, I suggest a sliding scale approach be utilized for health insurance premiums. Right now, the existing rigid premium structure, which does not take into consideration an employee's ability to pay, affects workers at low end of the state pay scale more severely than those at a higher pay grade. For instance, according to the same OMB demographic report cited above, there are approximately 800 classified employees at state pay grades 1 through 5. Salaries for these individuals range from \$18,049 to \$33,626. 2066 employees are classified at pay grade 7, which includes Correctional Officer, Certified Nursing Assistant, Administrative specialist I, Motor Vehicle specialist II and Motor Vehicle Technician. This pay grade extends from \$25,663 to \$38,495. These are some of the hard working state employees who will be most deeply affected by a one-size-fits-all premium amount.

**Karen Weldin Stewart, CIR-ML  
Commissioner**



**Delaware Department of Insurance**

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Third, if higher deductibles are a non-starter at the present time, then review the feasibility of setting deductibles based on an employee's ability to pay. I strongly believe that this is an issue of fundamental fairness.

Finally, I realize that the Group Health Fund must be balanced by the end of the fiscal year. Regardless of what changes are made to accomplish that balance, I urge that any changes made to replenish the reserve fund be made gradually. Resolving the budget and reserve deficit issues simultaneously will only put a greater burden on our employees.

I appreciate the work you have done as chair of this important committee. I hope my suggestions might help us address the rising cost of employee health care and at the same time preserve the kind of health insurance coverage our employees have come to expect and deserve.

Respectfully,

Karen Weldin Stewart, CIR-ML

CC: SEBC members